

# **Durbin, Senators call on Education Department to increase debt relief for ITT Tech students**

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*Senators argue ITT Tech’s “deceptive practices” and “dubious educational quality” rightly required action to halt new enrollment and continued use of taxpayer dollars*

**WASHINGTON** – U.S. Senator Dick Durbin (D-IL) joined Senator Patty Murray (D-WA) and 21 senators in sending a letter commending the U.S. Department of Education for its decision to stop additional federal student aid from flowing to ITT Educational Services, Inc. Following these restrictions, and serious concerns echoed by law enforcement agencies and ITT Tech’s accreditor, with regard to the company’s “deceptive practices, dubious educational quality, and financial integrity,” ITT Tech

announced that it would halt operations and shut down all of its campuses on September 6, 2016.

Approximately 35,000 students are estimated to have been enrolled at ITT Tech immediately prior to closure.

**“We commend the Department’s action to halt taxpayer dollars from flowing to a school that could no longer demonstrate academic integrity or financial responsibility,”** wrote the senators in the letter. **“These transitions are never easy for students, but we remain hopeful that by doing everything possible to make it easier, and by making sure students are getting the relief they should, ITT Tech’s former students will be able to move past this challenge and continue on their path to success.”**

In the letter, the senators urge the Department of Education to “use its existing legal authority to increase the total debt relief and support available to former ITT Tech students.” Specifically, the senators are requesting an extension of the current 120-day window to allow students who withdraw before the school’s closure to still receive a discharge, making loan discharge more automatic for students that don’t fill out a formal application, stopping collections on ITT Tech borrowers in default, and for steps to prevent or retract any negative credit bureau reporting by loan servicers.

The letter also calls on the Education Department to collaborate with the U.S. Department of Veterans Affairs (VA) to ensure that veterans who were enrolled at ITT Tech are able to make informed decisions about how to best use any remaining GI Bill benefits.

**“Postsecondary education should be a pathway to the middle class, and predatory colleges that damage these dreams by targeting and exploiting our neediest students must be held accountable...We support the Department’s work in maintaining accountability in higher education and making sure students are always being put first.”**

The full list of senators signing the letter include: Senators Richard J. Durbin (D-IL), Patty Murray (D-WA), Sherrod Brown (D-OH), Elizabeth Warren (D-MA), Richard Blumenthal (D-CT), Tammy Baldwin (D-WI), Tom Carper (D-DE), Bob Casey (D-PA), Chris Coons (D-DE), Dianne Feinstein (D-CA), Al Franken (D-MN), Martin Heinrich (D-NM), Edward J. Markey (D-MA), Bob Menendez (D-NJ), Barbara A. Mikulski (D-MD), Chris Murphy (D-CT), Bill Nelson (D-FL), Jack Reed (D-RI), Bernie Sanders (I-VT), Debbie Stabenow (D-MI), Tom Udall (D-NM), Sheldon Whitehouse (D-RI), and Ron Wyden (D-OR).

The letter follows a series of requests by Senate Democrats to strengthen college accountability and protect students using the Administration's authority under the Higher Education Act. Senate Democrats' efforts to improve college accountability began in April with a push to hold college accreditors accountable, and the Department took steps toward that goal when it issued a staff recommendation to terminate the recognition of the Accrediting Council for Independent Colleges and Schools (ACICS). In June, Senate Democrats called for action to protect servicemembers and veterans through a strengthened 90/10 rule. And most recently in July, Senate Democrats sent a letter to the U.S. Department of Veterans Affairs (VA) calling for strengthened "oversight, enforcement, and accountability" of colleges receiving Post-9/11 GI Bill benefits.

**Full text of the letter is below:**

September 15, 2016

The Honorable John King

Secretary of Education

U.S. Department of Education

400 Maryland Avenue, S.W.

Washington, DC 20202

Dear Secretary King,

Thank you for your strong commitment to ensuring that all students have access to quality higher education and for protecting the taxpayer investment in higher education. The U.S. Department of Education's ("the Department") recent decision to stop additional federal student aid from flowing to ITT Educational Services, Inc. ("ITT Tech") was an important step in holding all institutions of higher education accountable when they put students at risk. Serious concerns have been documented with regard to ITT Tech's deceptive practices, dubious educational quality, and financial integrity. The most recent determination by the company's accreditor that ITT Tech was unlikely to *ever* come into compliance with accreditation standards clearly required the Department to take steps to halt the risky enrollment of new students using federal student aid.

Following ITT Tech's subsequent and abrupt decision to halt operations, we appreciate that the Department has moved quickly to reach out to students electronically, and that the Department is providing clear information and outreach regarding the ability of former students to discharge their federal student loan debt. We strongly encourage the Department to continue this outreach effort and to find multiple ways of reaching those students that have not yet opened or responded to messages, including mailing closed school discharge applications to students. We are also glad that the Department acted quickly to provide guidance to its servicers regarding loan discharge applications, and we encourage the Department to continue working to ensure that its servicers process applications, handle mistakes, or use information at the Department's disposal consistently.

We also share your priority to ensure that former ITT Tech students are supported during this time, and to help students make the difficult determination of whether to accept a closed school discharge of their federal student loans or to instead transfer to a program willing to accept the credits they earned. We are pleased at the work the Department has done to urge community colleges to step up to help students transfer or begin new programs and by the response from many of those colleges. However, the Department must work to ensure these students have high quality, affordable options and are not lured by other for-profit colleges facing state and federal investigations and lawsuits. It also remains critical to continue collaborating with the U.S. Department of Veterans Affairs to ensure that veterans who were enrolled at ITT Tech are able to make informed decisions about how to best use any remaining GI Bill benefits, and with the Consumer Financial Protection Bureau as it seeks to secure private student loan relief for ITT Tech students.

However, we also believe the Department can do more. We request that the Department use its existing legal authority to increase the total debt relief and support available to former ITT Tech students. Specifically, the Department should extend the 120-day window that allows students who withdraw before the school's closure to still receive a discharge, as it did following the collapse of Corinthian Colleges. In the months leading up to closure, many students likely withdrew in light of the increasing number of investigations, including litigation from the Securities and Exchange Commission, the Consumer Financial Protection Bureau, and 18 state attorneys general. Given this cloud of legal scrutiny, consistent findings of actionable conduct, increasing stories of deceptive and misleading practices towards students, and the resulting effect of these developments on student behavior, borrowers who withdrew on or after March 1, 2014 should be eligible for a closed school discharge. By

discharging the debt held by ITT Tech's many non-completers, the Department also prevents the exceptionally high risk of default faced by this group of borrowers.

Students also need more time to consider their options given the complexity of current rules. Those students who will soon be expected to make payments on their federal student loans, and who appear to be eligible for a closed school discharge based on enrollment information in the Department's possession, should receive an administrative forbearance to prevent them from needing to make payments. The Department should also stop collections on recent ITT Tech borrowers who are in default but who would fall within any expansion of the withdrawal window. Similarly, we urge the Department to take the responsible step of preventing or retracting any negative credit bureau reporting by servicers that would otherwise be reported for ITT Tech students eligible for discharge. We also urge the Department to explore their current legal authority to automatically discharge loans. Alternatively, the Department should apply the borrower defense notice of proposed rulemaking (NPRM) provisions regarding automatic discharge to ITT Tech students; these provisions ensure that borrowers who do not enroll at another school within three years of closure, and who otherwise qualify for a closed school discharge, see their federal debt eliminated even if they do not submit a formal application.

Further, the Department should not reduce any discharge amounts or request reimbursements from students that pursue tuition refunds through their state-based tuition recovery funds. Many of these state funds help students to pay down their costly private student loan debt, which ITT Tech routinely lured its students to take out and which are not eligible for closed school discharge. These students will never get back the time and energy they have devoted to a college that left them locked outside the door, and deserve every penny back that they put in to their education, including refunds and support that can be provided to them.

Finally, to guard against suspicious actions or illegal conduct, and to expand the potential relief to former ITT Tech students in the future, the Department should take steps to ensure that all of ITT Tech's documents and files that may be relevant to a borrower defense application or to ongoing investigations are preserved.

Postsecondary education should be a pathway to the middle class, and predatory colleges that damage these dreams by targeting and exploiting our neediest students must be held accountable. We commend the Department's

action to halt taxpayer dollars from flowing to a school that could no longer demonstrate academic integrity or financial responsibility. We support the Department's work in maintaining accountability in higher education and making sure students are always being put first. These transitions are never easy for students, but we remain hopeful that by doing everything possible to make it easier, and by making sure students are getting the relief they should, ITT Tech's former students will be able to move past this challenge and continue on their path to success.